

Message Text

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C O N F I D E N T I A L OSLO 5374

FOR THE SECRETARY

E.O. 11652: GDS

TAGS: OCON NATO NO

SUBJ: SECRETARY'S MEETING WITH NORWEGIAN FOREIGN MINISTER
AT NATO

1. FOREIGN MINISTER FRYDENLUND HAS INFORMED ME THAT HE WISHES TO MEET PERSONALLY WITH YOU DURING THE NATO SESSION PRINCIPALLY TO SEEK YOUR SUPPORT FOR ASSOCIATE NORWEGIAN PARTICIPATION IN THE INTERNATIONAL ENERGY AGENCY UNDER TERMS WORKED OUT WITH DAVIGNON. THESE TERMS, AS SKETCHED BY FRYDENLUND, PROVIDE FOR NORWEGIAN EXEMPTION FROM THE AUTOMATIC PROVISIONS OF THE INTERNATIONAL ENERGY PROGRAM BUT WITHOUT QUANTIFYING THE COMPENSATING NORWEGIAN OBLIGATIONS. FRYDENLUND ANTICIPATES NO DIFFICULTY IN OBTAINING PARLIAMENTARY APPROVAL OF THE ARRANGEMENT, EVEN IF, AS I OUTLINE BELOW, A CHANGE OF GOVERNMENT OCCURS. NOT KNOWING THE EXACT TERMS OF DAVIGNON'S PROPOSAL, I CANNOT JUDGE WHETHER THEY WOULD MEET OUR CRITERIA OF ADEQUATE COMPENSATION FOR ASSOCIATE MEMBERSHIP.

2. ON ANOTHER BUT RELATED SUBJECT, ALTHOUGH NORWAY WOULD AGREE TO PARTICIPATE IN THE PROGRAM IN ALL RESPECTS EXCEPT ITS AUTOMATIC PROVISIONS, THE
CONFIDENTIAL

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PAGE 02 OSLO 05374 111143Z

FINANCE MINISTRY IS CURRENTLY CONSIDERING INTRO-

DUCING AN EXTREMELY STEEP EXCESS PROFITS TAX IN JANUARY 1975 WHICH, AS PRESENTLY DRAFTED, COULD HAVE THE EFFECT OF REDUCING THE OPERATIONS AND OUTPUT OF FOREIGN OIL FIRMS ON THE NORWEGIAN CONTINENTAL SHELF. US FIRMS ARE EXTREMELY CONCERNED. IF THE TAX SHOULD HAVE THIS NEGATIVE IMPACT ON PRODUCTION, IT WOULD SURELY UNDERCUT THE IEP'S OBJECTIVES OF ACCELERATING DEVELOPMENT OF ADDITIONAL ENERGY SOURCES. IF IT SEEMS APPROPRIATE YOU MAY WISH TO CALL FRYDENLUND'S ATTENTION TO THE TAX, AND EXPRESS THE HOPE THAT NORWAY WILL BE REVIEWING IT WITHIN THE CONTEXT OF THE IEP'S OBJECTIVES.

3. YOU MAY WISH TO USE THE OCCASION OF YOUR MEETING WITH FRYDENLUND, ADDITIONALLY, TO REAFFIRM PERSONALLY THE US POSITION AND THE SERIOUSNESS WITH WHICH WE WOULD VIEW ANY CHANGE IN THE PRESENT LEVEL OF PRG REPRESENTATION IN NORWAY. THUS FAR, NORWAY HAS RESISTED CONSIDERABLE PRESSURE TO UPGRADE THE LEVEL OF PRG REPRESENTATION IN OSLO FROM INFORMATION OFFICE TO GENERAL DELEGATION. ALTHOUGH I HAVE FORCEFULLY COMMUNICATED OUR OPPOSITION TO THIS MOVE TO FOREIGN MINISTER FRYDENLUND, I AM NOT SANGUINE THAT NORWAY WOULD HOLD THE LINE IN THE FACE OF A CONCERTED CAMPAIGN.

4. FRYDENLUND WILL BE MEETING YOU UNDER WHAT FOR HIM ARE LESS THAN IDEAL CIRCUMSTANCES, SINCE HIS LABOR GOVERNMENT MAY VERY WELL FALL ON THE WEEKEND. RULING WITH A PARLIAMENTARY MINORITY, LABOR HAS BEEN PLAGUED THIS FALL ON NUMEROUS SMALL ISSUES BY PARTIES BOTH ON THE RIGHT AND THE LEFT.

5. THIS UNLIKELY COMBINATION HAS NOW UNITED TO OPPOSE LABOR ON A GOVERNMENT PROPOSAL TO REPURCHASE SHARES OF ALCAN STOCK HOLDINGS IN A NORWEGIAN FIRM. EFFORTS TO ACHIEVE A COMPROMISE HAVE THUS FAR FAILED AND THE FINAL VOTE IS SCHEDULED FOR DECEMBER 13.

CONFIDENTIAL

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PAGE 03 OSLO 05374 111143Z

6. IF LABOR LOSES, A NON-SOCIALIST GOVERNMENT, SUCH AS THAT WHICH RULED DURING 1972-73, WILL LIKELY ASSUME POWER. BUT IT WILL LACK A PARLIAMENTARY MAJORITY, AND LABOR WILL PROBABLY RETURN AGAIN SOON. SO THE INTERRUPTION WILL PROBABLY BE BRIEF, AND IT SHOULD NOT ALTER BASIC FOREIGN POLICY DIRECTIONS NOR UPSET PLANS TO ASSOCIATE WITH IEP. BUT IT MIGHT SET BACK THE TIMETABLE ON

SOME OF LABOR'S INITIATIVES AND WILL INTRODUCE
THE UNCERTAINTY OF POSSIBLE LEADERSHIP CHANGES
IN MINISTRY POSTS WHEN ANOTHER GOVERNMENT IS
CONSTITUTED.
BYRNE

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